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23 March 1956

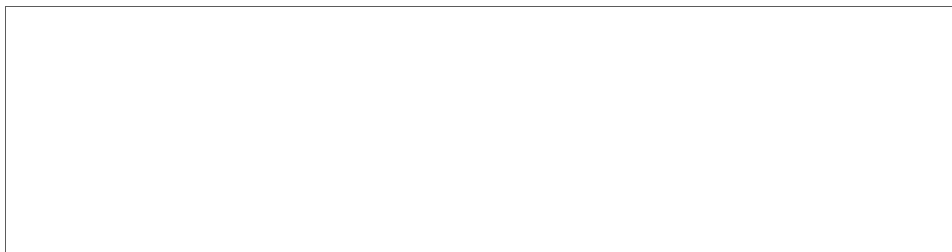
Copy No. 103

**CURRENT
INTELLIGENCE
BULLETIN**

DOCUMENT NO. 54
NO CHANGE IN CLASS ☒
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S C 2010
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE: 14 Jan 80 REVIEWER: _____

OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY

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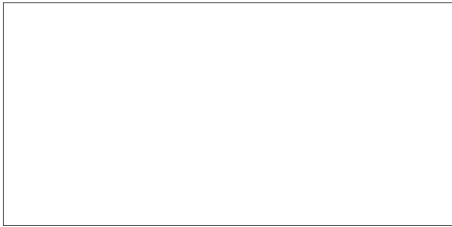
THE ARAB-ISRAELI SITUATION

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1. AMBASSADORS APPRAISE VIEWS OF ISRAELI CABINET



The American and British ambassadors in Tel Aviv appraise the attitude of Israeli prime minister Ben-Gurion and the majority of his cabinet as including the following elements:

(1) No settlement with the Arabs is possible for a long time. The Israelis are convinced that the Arabs, from their present position of strength, desire at best a type of settlement which would merely facilitate the subsequent destruction of Israel.

(2) Israel distrusts Anglo-American moves for a settlement, because it feels Western strategic interests will "load the dice" heavily against Israel. The Israelis also believe the West underestimates Egypt's expansionist tendencies.

(3) Any intervention, if it occurred at all, would come too late to protect Israel, particularly against air bombardment.

(4) Militarily, the Israelis are confident they could defeat an Arab attack within the next few months or contain it until the end of the year if Soviet arms are not effectively absorbed by Egypt. They now believe, however, that even a military victory would give them only a temporary respite, and have shelved the idea of initiating a preventive war. They nevertheless may react strongly against Arab terrorist tactics or continued "breaches" of the armistice agreement, even at the risk of war.

(5) Israel wants neither war nor an arms race. It does, however, want sufficient arms to protect itself during an initial period of attack until outside assistance could become effective.

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2. FRANCE ASKS NATO FOR STATEMENT SUPPORTING TROOP TRANSFERS TO ALGERIA

The French have asked the North Atlantic Council to consider issuing a public statement of political support for French troop transfers to Algeria. (These transfers have been at the expense of France's NATO commitments in Western Europe.) The French stressed the necessity to demonstrate NATO solidarity in an area recognized by military authorities as necessary to NATO's strategic interests. They hope for a decision by 27 March.

Ambassador Perkins reports that the Belgian, German and Italian representatives were initially favorable to this request, which involves a new departure for NATO. The British Foreign Office feels committed not to oppose the French. The Netherlands, Norway and Denmark felt their governments would need to give careful consideration to the implications of such a statement. Canada and others indicated they were awaiting instructions.

Comment

Among the many problems this request presents is whether to categorize the Algerian situation as a French internal or a NATO security concern. There is sympathy in NATO for the French predicament, but some members wish to avoid any action that might provide a precedent on other issues, such as Cyprus and Goa.

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3. BONN REPORTED DRAWING UP DEVELOPMENT PLAN FOR MIDDLE EAST

[redacted] Bonn is reportedly preparing a draft "Colombo type" plan proposing the establishment of a banking institute whose function would be to assist economic development in the Mediterranean and Middle Eastern countries. [redacted] membership in the proposed institute would be "open to all Western countries--neutrals and Yugoslavia possibly included."

Comment

The West Germans are seriously concerned over the Soviet economic drive in underdeveloped areas. The Krupp interests have proposed a similar type of economic development program for the uncommitted countries of South Asia and the Middle East.

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4. USSR BEGINS ECONOMIC PRESSURE ON JAPAN AS LONDON TALKS BREAK OFF

Suspension of the Japanese-Soviet treaty talks in London has been followed promptly by a Soviet move to force Japan into concluding a peace treaty through economic pressure.

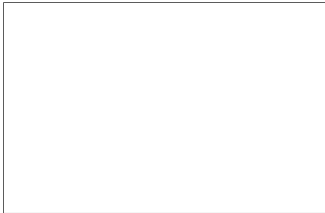
The USSR announced a decree on 21 March restricting salmon fishing in the North Pacific "until conclusion of a suitable agreement with interested countries." Both sides have agreed that a definitive agreement on settling the fisheries problem will be incorporated as an annex to the treaty, but the USSR will not discuss the annex until the treaty itself is agreed upon.

About 90 percent of last year's Japanese salmon catch came from the area that has now been restricted by the Russians. Japanese fishing interests, which exert a powerful influence on the Hattoyama government, will probably press for a resumption of the Japanese-Soviet peace talks and for concessions to Moscow.

The Soviet move, however, may not provoke a strong official reaction. Influential Japanese leaders recently expressed the view that the Japanese people are accustomed to Soviet intransigence, and implied that, far from being able to act like a great power, Japan was too weak even to protect Japanese fishing activities from depredations arising from South Korea's unilaterally imposed Rhee line. [] Concluded in by ORR)

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5. SOVIET TWIN-JET TRANSPORT FLIES TO LONDON



A CAMEL (TU-104), the Soviet Union's first twin-jet passenger aircraft, carrying Soviet security chief Ivan Serov, arrived in London on 22 March. Strict

security precautions were imposed while the aircraft refueled prior to its return to Moscow.

This trip marked the first appearance of the CAMEL outside of the USSR and the first indication that this aircraft is ready for operational use. The CAMEL was first seen in the July 1955 Air Day show in Moscow. Since that time no more than two such planes have been observed simultaneously.



the TU-104 was being used for limited express flights to the Far East and would be introduced into regular passenger service this spring.

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6. REPORTED SINKING OF BATTLESHIP LINKED WITH SHAKE-UP IN SOVIET NAVAL HIGH COMMAND

[REDACTED] the Soviet Black Sea Fleet battleship Novorossiysk capsized in October 1955 after striking a mine near Sevastopol.

Because of panic and a lack of discipline, watertight doors were not closed in time and the ship reportedly capsized; 900 crewmen were lost.

Following this incident Marshal Zhukov is reported to have conducted an investigation of Soviet naval forces and to have found serious deficiencies in combat and political training, as well as poor discipline. As a result, Admiral Kuznetsov, commander in chief of the Soviet fleet, was removed from his post, reduced in rank to vice admiral, and retired. [REDACTED]

Comment

In mid-October an inspection of the Black Sea Fleet by Marshal Zhukov, party secretary Khrushchev and Premier Bulganin is known to have taken place. Admiral Kuznetsov has not appeared at public functions since July 1955 and may have been in eclipse as early as that time. He apparently has been replaced by Admiral S. G. Gorshkov, head of the Black Sea Fleet until mid-1955.

The Novorossiysk, the largest ship in the Soviet navy, is the 29,000-ton ex-Italian battleship Julius Caesar. [REDACTED]

[REDACTED] Extended inactivity is sometimes caused by the entry of the ship into drydock for routine repairs. [REDACTED]

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7. NORTH KOREA MAY BE ADOPTING COLLECTIVE LEADERSHIP



The first indication that the Soviet-endorsed principle of collective leadership may be applied to a Far Eastern Satellite has been noted in recent North Korean broadcasts. Heretofore the North Korean home radio has consistently accompanied its evening broadcast with the slogan, "Long live Marshal Kim Il-sung, the respected and beloved chief of the Korean people." Since 19 March this slogan has been omitted.

Soviet influence is paramount in North Korea, and the recent emphasis on collective leadership in the USSR is likely to have repercussions in North Korea. Kim was installed as premier by the USSR in 1948, and North Korean propaganda has long shown him a deference much like that which was accorded Stalin in the USSR. Omission of the slogan hailing Kim is not believed to be an indication that he is in political disfavor.

Propaganda from Communist China and North Vietnam has continued to give special attention to the personal leadership of Mao Tse-tung and Ho Chi Minh. No Far Eastern Communist country has mentioned the Kremlin's recent denunciation of the "cult of the individual" or Khrushchev's speech criticizing Stalin.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 22 March)

Egypt claims an Israeli patrol crossed into Egyptian-held territory in the Gaza strip, resulting in an exchange of fire lasting 70 minutes during which UN observers were temporarily pinned down. (Press)

[redacted] the Egyptian National Guard personnel in the strip are undisciplined and untrained. Uncontrolled firing at Israeli targets is common, although the Israeli actions are often provocative. Young officers in the Gaza strip are anxious to begin war with Israel. Many of them claim that Israel would only be the beginning--the ultimate target would be Turkey. [redacted]

[redacted] the Egyptian arms purchasing mission in Prague requested Cairo to "send the navy experts with a copy of all previous Czech and Polish contracts." [redacted]

[redacted] the Egyptian naval experts are to go to Poland to complete arrangements for the purchase of destroyers and possibly other naval equipment. Last September, the USSR approved the furnishing to Egypt by the Soviet bloc of two destroyers and two submarines. At least 12 motor torpedo boats, a few 40- to 60-foot landing craft, and possibly some mines have already been delivered. [redacted]